

A RESOLUTION ESTABLISHING THE CITY'S INTENTION TO REIMBURSE ITSELF FOR THE PRIOR LAWFUL EXPENDITURE OF FUNDS FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS TO BE ISSUED BY THE CITY FOR AUTHORIZED PURPOSES DESIGNATED AS "CITY OF SAN ANTONIO, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2006" AND "CITY OF SAN ANTONIO, TEXAS GENERAL IMPROVEMENT BONDS, SERIES 2006"; AUTHORIZING OTHER MATTERS INCIDENT AND RELATED THERETO; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the City Council (the *Governing Body*) of the City of San Antonio, Texas (the *Issuer*) has entered into or will enter into various contracts pertaining to the expenditure of lawfully available funds of the Issuer to finance the costs associated with (i) constructing public safety improvements, including construction of new fire stations and renovating and improving existing fire stations and the Services Facility, (2) constructing drainage improvements, sidewalk improvements, bridge improvements, street improvements and drainage incidental thereto, (3) constructing improvements and renovations to existing municipal facilities or other public facilities, including the Plaza de Armas Building, Records Storage Facility, and Pearsall Landfill, (4) acquiring, constructing, renovating and improving the City's library system, (5) acquiring, constructing, and renovating park facilities, including Brackenridge Park, LaVillita Assembly Hall Complex, and the Normoyle Community Center, (6) constructing utility system and other infrastructure improvements at Kelly USA, (7) constructing and equipping certain downtown public restroom facilities, (8) payment of the costs of a study for the possible relocation of the San Antonio Metropolitan Health District Laboratory to Brooks City-Base and a portion of the relocation expenses, (9) purchasing materials, supplies, equipment, machinery, land, and rights-of-way for authorized needs and purposes relating to public safety, drainage, street, parks, and public works purposes, (10) paying the costs of certain public improvements approved by the citizens of the Issuer at a bond election held on November 4, 2003 authorizing streets and pedestrian improvements, drainage improvements, library improvements, parks and recreation improvements, and public health and safety improvements, and (11) acquiring, constructing, or improving land, buildings, or other permanent improvements for use by an institution of higher education located within the southern region of the City (the *Construction Costs*), (ii) the payment of various engineering costs, including design testing, design engineering, and construction inspection related to the Construction Costs (the *Engineering Costs*), the payment of various architectural costs, including preparation of plans and specifications and various other plans and drawings related to the Construction Costs (the *Architectural Costs*), and (iii) the payment of various administrative costs, including the fees of co-bond counsel, co-financial advisor, other professionals, and bond printer (the *Administrative Costs*) [the Construction Costs, Engineering Costs, the Architectural Costs, and Administrative Costs collectively constitute costs of the project (the *Project*)]; and

WHEREAS, the provisions of Chapter 1201, as amended, Texas Government Code provide that the proceeds from the sale of obligations issued to finance the acquisition, construction, equipping, or furnishing of any project or facilities, such as the Project, may be used to reimburse the Issuer, for costs attributable to such project or facilities paid or incurred before the date of issuance of such obligations; and

WHEREAS, the United States Department of Treasury (the *Department*) released Regulation Section 1.150-2 (the *Regulations*) which establishes when the proceeds of obligations are spent and therefore are no longer subject to various federal income tax restrictions contained in the Internal Revenue Code of 1986, as amended (the *Code*); and

WHEREAS, the Issuer intends to reimburse itself, within eighteen months from the later of the date of expenditure or the date the property financed is placed in service (but in no event more than three years after the original expenditures is paid), for the prior lawful capital expenditure of funds from the proceeds of one or more series of tax-exempt obligations (the *Obligations*) that the Issuer currently contemplates issuing in the principal amount of \$44,500,000 as its Combination Tax and Revenue Certificates of Obligation, Series 2006 and \$48,325,000 General Improvement Bonds, Series 2006 to finance a portion of the costs of the Project; and

WHEREAS, under the Regulations, to fund such reimbursement with proceeds of the Obligations, the Issuer must declare its expectation ultimately to make such reimbursement before making the expenditures; and

WHEREAS, the Issuer hereby finds and determines that the reimbursement for the prior expenditure of funds of the Issuer is not inconsistent with the Issuer's budgetary and financial circumstances; and

WHEREAS, the Governing Body hereby finds and determines that the adoption of this Resolution is in the best interests of the citizens of the Issuer; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO THAT:

SECTION 1: This Resolution is a declaration of intent to establish the Issuer's reasonable, official intent under section 1.150-2 of the Regulations to reimburse itself from the proceeds of the Obligations for any capital expenditures previously incurred (not more than 60 days prior to the date hereof) with respect to the Project from the Issuer's General Fund or other lawfully available funds of the Issuer.

SECTION 2: The Issuer intends to issue the Obligations and allocate within 30 days after the date of issue of the Obligations the proceeds therefrom to reimburse the Issuer for prior lawful expenditures with respect to the Project in a manner to comply with the Regulations.

SECTION 3: The reimbursement expenditure will be a type properly chargeable to a capital account (or would be so chargeable with a proper election) under general Federal income tax principles.

SECTION 4: The Issuer intends to otherwise comply with all the requirements contained in the Regulations.

SECTION 5: This Resolution may be relied upon by the appropriate officials at the Office of the Attorney General for the State of Texas, and establishes compliance by the Issuer with the requirements of Texas law and the Regulations.

SECTION 6: With respect to the proceeds of the Obligations allocated to reimburse the Issuer for prior expenditures, the Issuer shall not employ an abusive device under Treasury Regulation Section 1.148-10, including using within one year of the reimbursement allocation, the funds corresponding to the proceeds of the Obligations in a manner that results in the creation of replacement proceeds, as defined in Treasury Regulation Section 1.148-1, of the Obligations or another issuer of tax-exempt obligations.

SECTION 7: The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Governing Body.

SECTION 8: All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

SECTION 9: This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 10: If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Governing Body hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 11: It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 12: The effective date of this Resolution shall be governed by the provisions of Section 1-15 of the City Code of San Antonio, Texas. This Resolution shall take effect immediately if passed by the affirmative vote of at least eight members of the City Council, otherwise the same shall take effect on the tenth day after the date of its passage by the City Council.


PASSED AND ADOPTED by an affirmative vote of 11 members of the City Council of the City of San Antonio, Texas, this the 23rd day of February, 2006.

CITY OF SAN ANTONIO



Mayor

ATTEST:



City Clerk

(CITY SEAL)

I, the undersigned, City Attorney of the City of San Antonio, Texas, hereby certify that I read, passed upon, and approved as to form the foregoing Ordinance prior to its adoption and passage as aforesaid.



Michael D. Bernard, City Attorney
City of San Antonio, Texas

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February 17, 2006

Ms. Bernadette McKay
City Attorney's Office
City of San Antonio, Texas
100 Military Plaza, Third Floor
San Antonio, Texas 78205

HAND DELIVERY

Re: Reimbursement Resolution - City of San Antonio, Texas Combination Tax and
Revenue Certificates of Obligation, Series 2006 and City of San Antonio, Texas
General Improvement Bonds, Series 2006

Dear Bernadette:

I enclose the following documents in connection with the captioned financing for execution at the February 23, 2006 regular meeting of the City Council:

1. Reimbursement Resolution (one copy and five signature pages); and
2. City Clerk's Certificate pertaining to the Reimbursement Resolution (two copies and five signature pages).

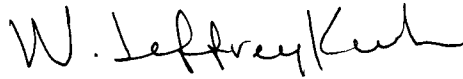
[REDACTED] ed
[REDACTED] me. The completed copies of the aforementioned documents should be retained for the files of the City.

I also enclose as Exhibit A to this letter the agenda item to be utilized in preparing the agenda for the February 23, 2006 regular meeting of the City Council. Thank you for ensuring that this agenda item is posted in accordance with the provisions of the Texas Open Meetings Act. I also enclose a draft copy of the Resolution for inclusion in the City Council's agenda packets.

Ms. Bernadette McKay
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Thank you, in advance, for your prompt attention to this matter. If I can provide any additional assistance concerning this matter, please do not hesitate to contact me.

Very truly yours,



W. Jeffrey Kuhn

WJK/tmg

Enclosures

cc: Mr. Michael Bernard
City Attorney
City of San Antonio, Texas
100 Military Plaza, Third Floor
San Antonio, Texas 78204

BY EMAIL

Ms. Lena Ellis
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506 Dolorosa
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BY EMAIL

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February 17, 2006
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Ms. Jody Sieloff
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Mr. Robert Estrada
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Mr. Donald J. Gonzales
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Mr. John Hall
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San Antonio, Texas 78205

BY EMAIL

Mr. George W. Scofield (Firm)
Ms. Lisa G. Adelman (Firm)
Mr. Erwin E. Caban (Firm)

EXHIBIT A

CONSIDERATION AND APPROVAL OF A RESOLUTION RELATING TO ESTABLISHING THE CITY'S INTENTION TO REIMBURSE ITSELF FOR THE PRIOR LAWFUL EXPENDITURE OF FUNDS FROM THE PROCEEDS OF TAX EXEMPT OBLIGATIONS TO BE ISSUED BY THE CITY FOR AUTHORIZED PURPOSES DESIGNATED AS "CITY OF SAN ANTONIO, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2006" AND "CITY OF SAN ANTONIO, TEXAS GENERAL IMPROVEMENT BONDS, SERIES 2006"; AUTHORIZING OTHER MATTERS INCIDENT AND RELATED THERETO; AND PROVIDING AN EFFECTIVE DATE

CERTIFICATE OF CITY CLERK

THE STATE OF TEXAS

§

COUNTY OF BEXAR

§

CITY OF SAN ANTONIO

§

§

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THE UNDERSIGNED HEREBY CERTIFIES that:

1. On the 23rd day of February, 2006, the City Council (the *Governing Body*) of the City of San Antonio, Texas (the *Issuer*) convened in regular session at its regular meeting place in the Municipal Plaza Building of the Issuer (the *Meeting*), the duly constituted members of the Governing Body being as follows:

Phil Hardberger	Mayor
Elena Guajardo	Mayor Pro Tem
Sheila D. McNeil	Councilmember
Roland Gutierrez	Councilmember
Richard Perez	Councilmember
Patti Radle	Councilmember
Delicia Herrera	Councilmember
Roger O. Flores	Councilmember
Art A. Hall	Councilmember
Kevin Wolff	Councilmember
Christopher "Chip" Haass	Councilmember

and all of such persons were present at the Meeting, except the following:
_____, thus constituting a quorum. Among other business considered at the Meeting, the attached resolution (the *Resolution*) entitled:

A RESOLUTION ESTABLISHING THE CITY'S INTENTION TO REIMBURSE ITSELF FOR THE PRIOR LAWFUL EXPENDITURE OF FUNDS FROM THE PROCEEDS OF TAX EXEMPT OBLIGATIONS TO BE ISSUED BY THE CITY FOR AUTHORIZED PURPOSES DESIGNATED AS "CITY OF SAN ANTONIO, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2006" AND "CITY OF SAN ANTONIO, TEXAS GENERAL IMPROVEMENT BONDS, SERIES 2006"; AUTHORIZING OTHER MATTERS INCIDENT AND RELATED THERETO; AND PROVIDING FOR AN EFFECTIVE DATE

was introduced and submitted to the Governing Body for passage and adoption. After presentation and due consideration of the Resolution, a motion was made by Councilmember Guajardo that the Resolution be finally passed and adopted in accordance with the Issuer's Home Rule Charter. The motion was seconded by Councilmember Hall and carried by the following vote:

11 voted "For" 0 voted "Against" 0 abstained

all as shown in the official Minutes of the Governing Body for the Meeting.

2. The attached Resolution is a true and correct copy of the original on file in the official records of the Issuer; the duly qualified and acting members of the Governing Body of the Issuer on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Governing Body was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Resolution would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Resolution, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the Issuer, this 23rd day of February, 2006.



Leticia M. Vazquez
City Clerk, City of San Antonio, Texas